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FEDERAL COMMUNICATIONS COMMISSIO
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
Amendment of Section 69.2(m) and (ee))
of the Commission's Rules to Include) RM-8723
Independent Public Payphones Within The)
"Public Telephone" Exemption From End)
User Common Line Access Charges) [redacted]

SPRINT'S COMMENTS ON PETITION FOR RULEMAKING

Sprint Corporation opposes the above-captioned petition for rulemaking filed by American Public Communications Council (APCC). In the Petition, APCC seeks amendment of Part 69 of the Rules to exempt privately provided payphones from the end user common line charge (EUCL) now applicable to such phones. APCC would allow the LECs to recoup the lost EUCL revenues through increases in their carrier common line charge (CCLC), a charge paid by long distance carriers. APCC argues that there is no public policy reason for differentiating privately provided payphones from LEC-provided payphones (the interstate-assigned costs of which are recovered through the CCLC) and that assessing a EUCL on privately provided payphones is discriminatory vis-à-vis the LECs.

Sprint does not object, conceptually, to parity of treatment of LEC payphones and private payphones. However, the differences in treatment that now exist are not as one-sided, to the disadvantage of private payphone owners ("PPOs"), as APCC's petition suggests. PPOs -- but not LECs -- now receive Commission-prescribed dial-around compensation, for operator services calls handled by carriers other than the presubscribed carrier, that is roughly equivalent to the EUCL charges they pay.[1] Furthermore, many LECs still face state-imposed obligations to place payphones in remote or commercially-unattractive locations,[2] whereas private payphone providers have no such restrictions and thus can confine their services to profitable locations. As a result, LECs are burdened with costs, imposed for policy reasons, that private payphone providers do not face. Thus, the existing differences in treatment may, in rough terms, balance each other. Whether the present treatment of payphones under the access charge rules should be changed may be a fair question for debate and consideration in the context of broad access reform. However, in view of the offsetting equities noted above, and the rapid growth in the private payphone industry, there is no demonstrated need to place a high priority on equalization of treatment of LECs and PPOs at this time.

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[1] See §64.1301 of the Rules.

[2] Indiana, for one, requires LECs to place at least one public phone in each exchange without regard to whether the phone generates sufficient revenues to cover its costs. See 170 IAC §7-1.1-11(L).

In any event, Sprint objects to using the long distance industry as a bottomless source of revenues to finance the private payphone industry. PPOs have complete freedom of entry and exit and presumably have taken industry conditions, governmental policies and consumer practices as a "given" in deciding whether to enter the market. However, the private payphone industry has not been content simply to accept these factors as givens, but instead has continually sought one form of subsidy after another from the long distance carriers. The existing and requested subsidies, to date, include:

- Dial-around compensation for operator services calls.
- Dial-around compensation for ordinary commercial 800 calls.
- Dial-around compensation for debit card (prepaid calling card) calls.

In addition to these existing or requested subsidies, APCC is now proposing to increase the carrier common line charge paid by IXCs on all minutes of use, to compensate LECs for the revenue loss that would result if the EUCL is not applied to private payphones.

The growing list of subsidies APCC seeks from the long distance industry would only serve to increase the long distance carriers' rates to the public and thereby would dampen demand for long distance service. Alternatively, these subsidies would give long distance carriers an incentive to discourage their customers from initiating calls at privately owned payphones altogether, in order to avoid these added cost burdens.

For the foregoing reasons, Sprint urges the Commission to deny APCC's petition for rulemaking.

Respectfully submitted,

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December 4, 1995

CERTIFICATE OF SERVICE

I, Joan A. Hesler, hereby certify that on this 4th day of December, 1995, a true copy of the foregoing PETITION FOR RULEMAKING was served first class mail, postage prepaid, or hand delivered, upon each of the parties listed below.

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